

# Storebrand 2Q 2015

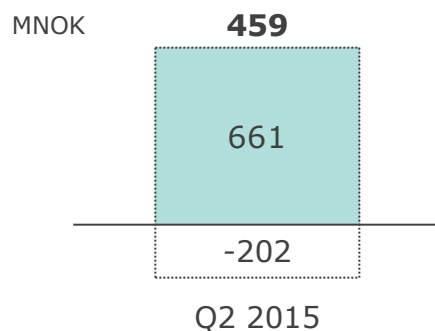
15 July 2015

Odd Arild Grefstad – CEO  
Lars Aa. Løddesøl – CFO



# Highlights 2Q 2015

## Group result



- Result before profit sharing and loan losses
- Net profit sharing and loan losses/Longevity provision

- *11,5 % growth in fee and admin income<sup>1</sup>*
- *Longevity strengthening prioritized over short term results*



**16%** Insurance written premium growth<sup>2</sup>



**23%** Unit Linked premium growth<sup>2</sup>



**65%** of longevity strengthening completed



**154%** Estimated Solvency II ratio<sup>3</sup>

<sup>1</sup> Adjusted for business in run off (corporate banking and public sector) and FX. Result before amortisation.

<sup>2</sup> Growth figures are 1H2014-1H2015.

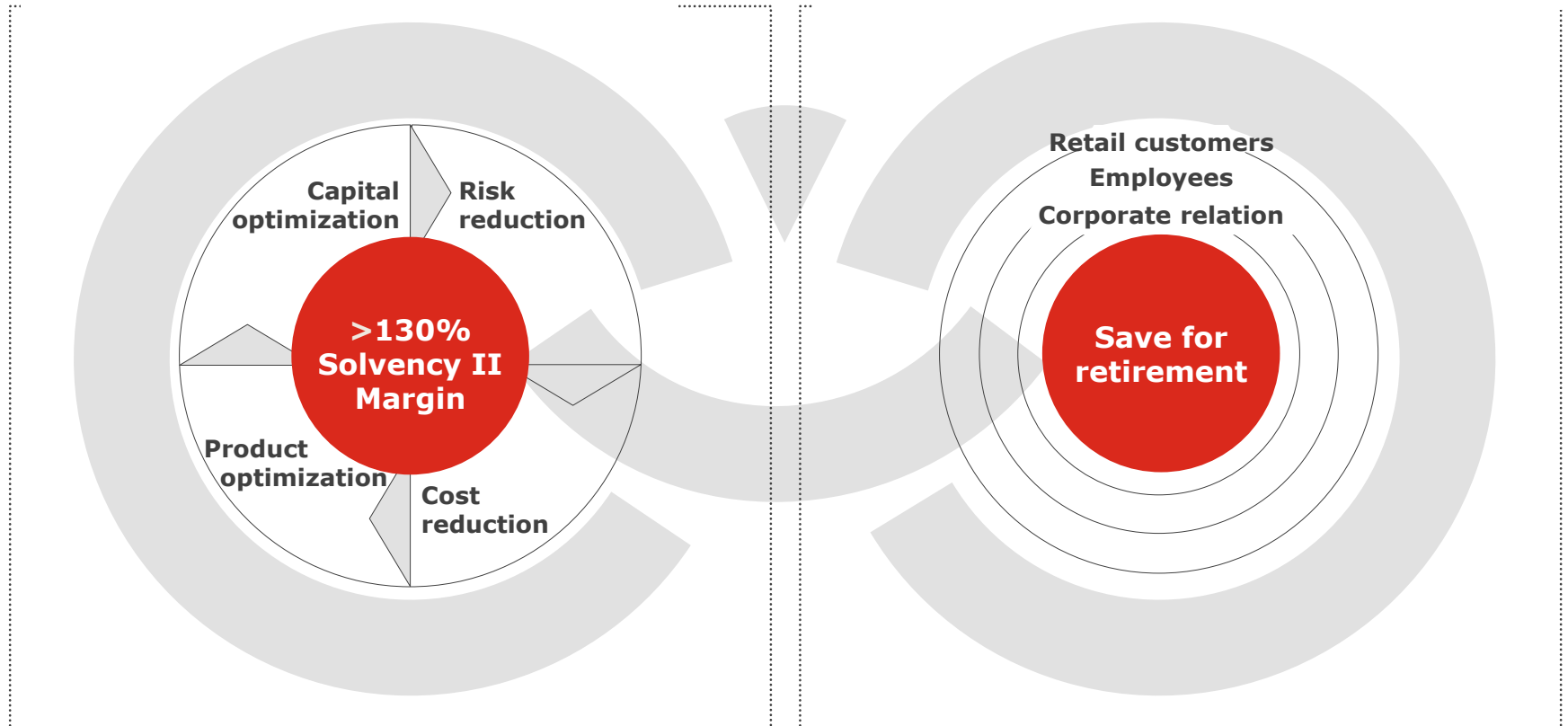
<sup>3</sup> Including transitional rules.

# Transformation of the business model continues

## Dual strategy reiterated and reinforced

### Manage the guaranteed balance sheet

### Continued growth in savings and insurance

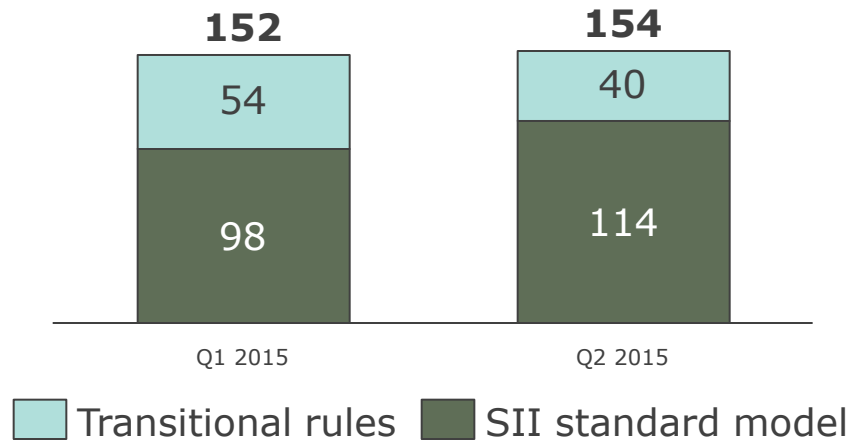


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# Estimated SII position Life Group and sensitivities

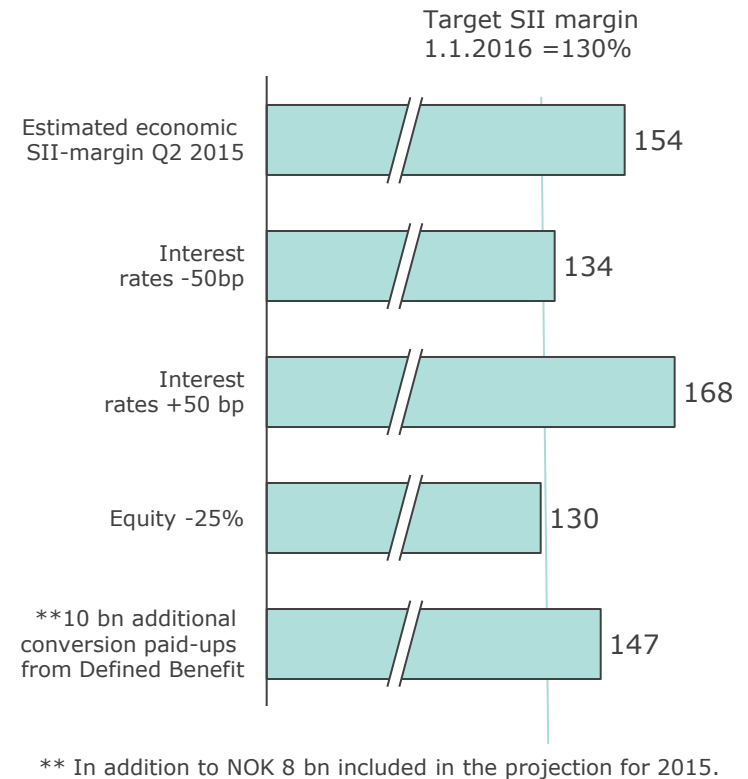
## Economic Solvency position(%)<sup>1</sup>



## Key takeaways

- Rising interest rates since Q1 leads to increased solvency ratio
- On track to improve underlying Solvency II ratio with 10% points during 2015

## Estimated Sensitivities *after* 1.1.2016<sup>2</sup>



<sup>1</sup> The estimated Economic solvency position of Storebrand Life Group is calculated using the current Storebrand implementation of the Solvency II Standard model with the company's interpretation of the suggested transition rules from the NFSA. Output is sensitive to changes in financial markets, development of reserves, changes in assumptions and improvements of the calculation framework in the economic capital model as well as changes in the Solvency II legislation and national interpretation of transition rules.

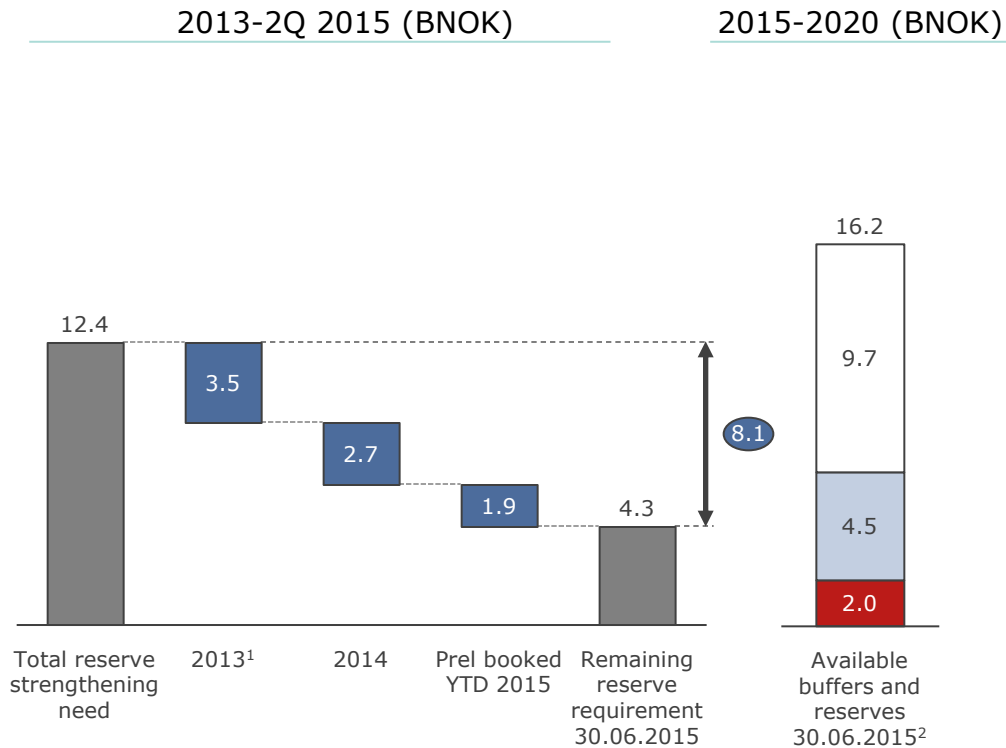
<sup>2</sup> Indicative sensitivities after the implementation of Solvency II in 2016. Market movements in 2015 and until the introduction of Solvency II in 2016 will have a smaller effect than stated in the sensitivities because of the mitigating effects of the transition rules.

# Longevity

## - 65% of reserve strengthening completed



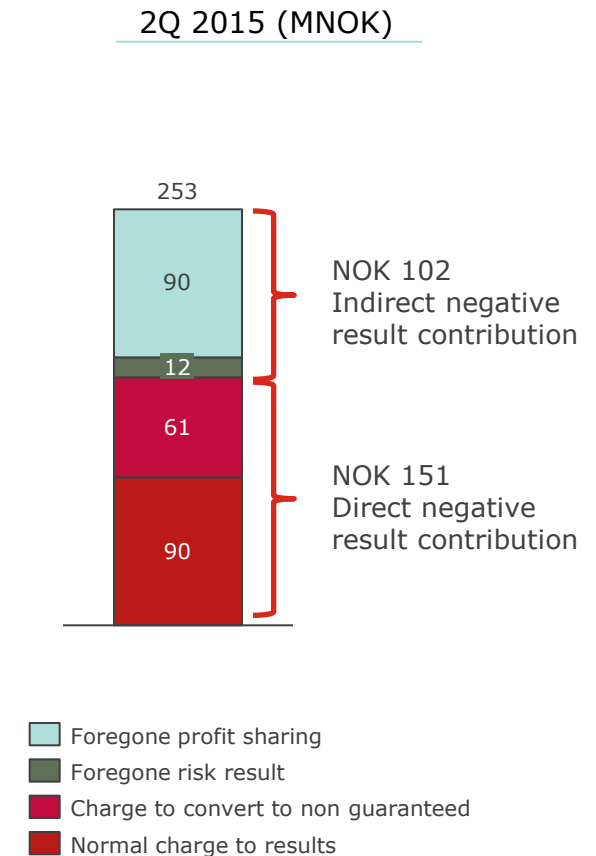
### Reserve strengthening Norwegian guaranteed products



<sup>1</sup> Net surplus allocated to longevity 2011-2013.

- Excess value Bond at Amortised Cost
- Market value adjustment reserve
- Est. direct result contribution 2015-2020

### Negative result impact in the quarter



- Foregone profit sharing
- Foregone risk result
- Charge to convert to non guaranteed
- Normal charge to results

<sup>2</sup> Buffers that are available to cover the longevity reserve strengthening. Some buffers may not be available if they belong to contracts without reserve strengthening need or are used to cover interest rate guarantee.

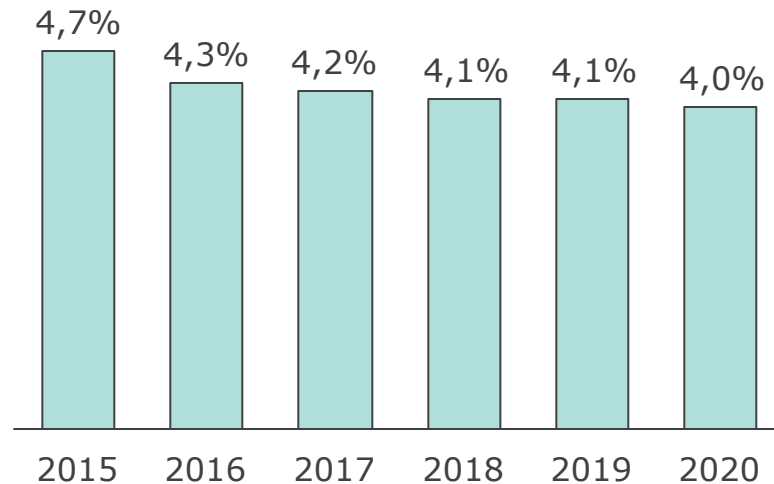
# Paid up policies is the main challenge in a low interest scenario and under SII...



## ...But still manageable both short and long term

### Expected return paid up polices without use of buffers 2015-2020<sup>1</sup>

*...including reinvestment due and expected issuance of new paid up polices*



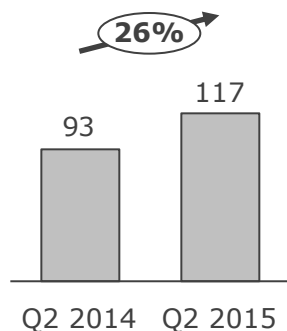
- **2015-2020:** Longevity reserve strengthening and interest rate guarantee to be covered by expected return, buffers and planned company contribution<sup>2</sup>
- **2020-2025:** Prolonged low interest rate environment will have limited impact on results<sup>2</sup>

<sup>1</sup> Expected return paid up polices, including reinvestment and issuance of new paid up polices, without the use of buffers. Illustration is based on normal risk premiums and interest rate level as of June 30, 2015.

<sup>2</sup> Based on current interest rates and point estimate based on normal risk premiums. Market shocks could lead to higher use of buffers and reduced results

# Growth in Savings and Insurance continues

## Unit Linked

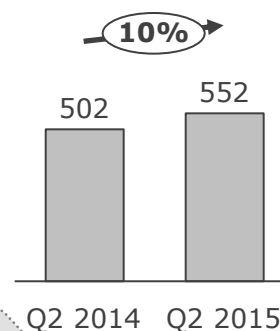


Q2 2014 Q2 2015

UL reserves (BNOK)

- 23% Premium growth 1H
- Paid-up policies w/investment choice adds growth

## Asset management

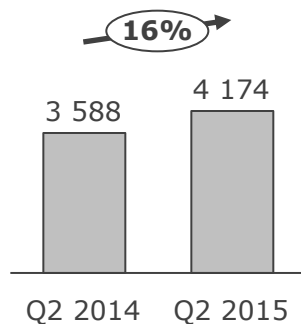


Q2 2014 Q2 2015

AuM (BNOK)

- Gathering assets from life company
- Strong sales

## Insurance

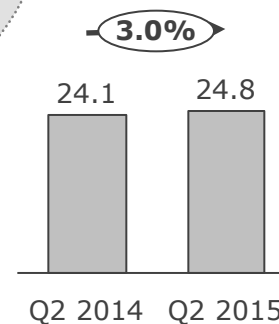


Q2 2014 Q2 2015

Written Premiums (MNOK)

- Premium growth from Akademikerne
- Sales to large customers

## Retail loans



Q2 2014 Q2 2015

Balance (BNOK)

- Growth from introduction of new product

BLU40

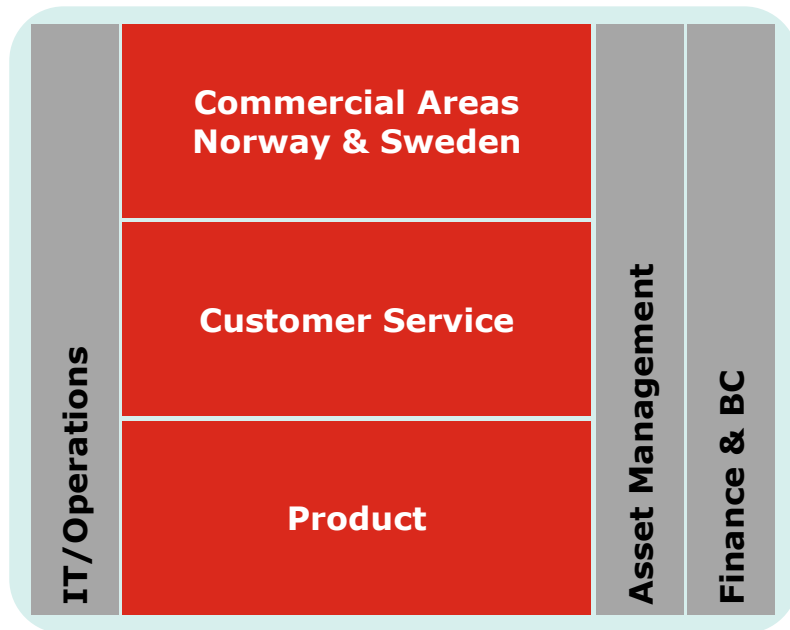
2,50 % lånerente!

Save for retirement

# New operating model facilitates improved customer orientation and increased profitability



## New operating model implemented July 1



- Established unified Customer Service and Product areas
- Enables a holistic customer experience
- Enables operational cost discipline through further process improvement, offshoring and automation



# Storebrand makes further commitments to sustainable development



Storebrand has committed to disclose our portfolio carbon footprint..



- Storebrand signed the Montreal Carbon Pledge in 2Q
- Commitment to measure and publicly disclose the investment portfolio carbon footprint on an annual basis

...and is in the process of committing to gradually decarbonize our portfolios



Co-founders:



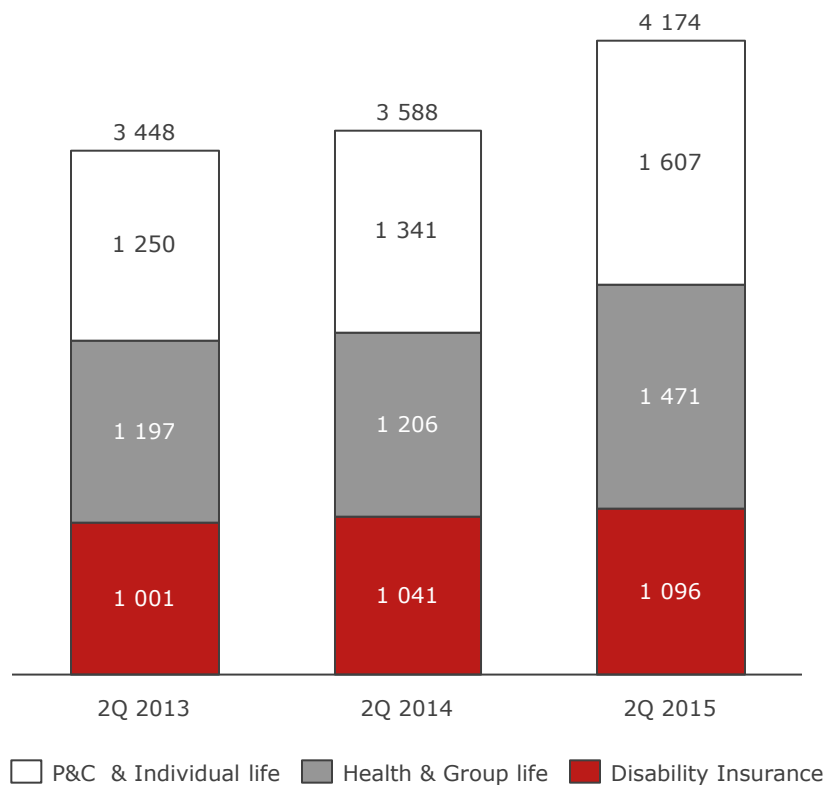
- The Portfolio Decarbonization Coalition targets a USD 100bn commitment from institutional investors before the 2015 Paris Climate Conference
- Storebrand is in the process of joining the coalition

# Strong sales and continued growth in Insurance



## Development written premiums

MNOK



## Key takeaways

- Milestone reached during 2Q: **>100 000 P&C customers**

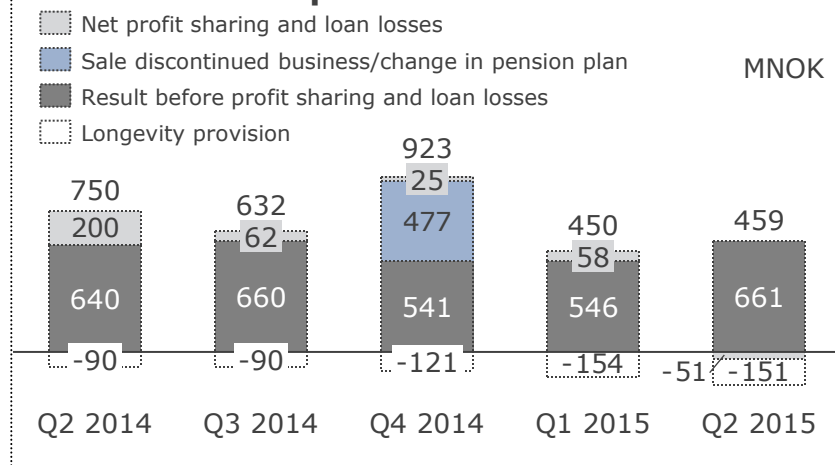


- Double-digit written premium growth further strengthened by 'Akademikerne' contract

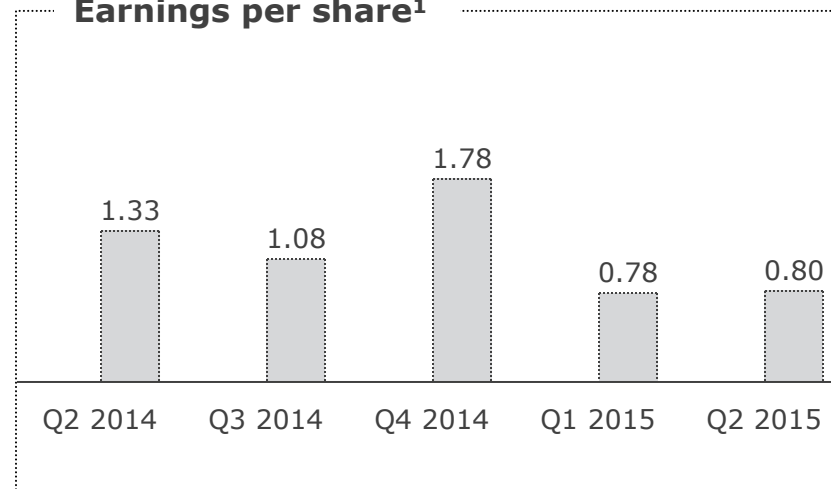


# Key figures

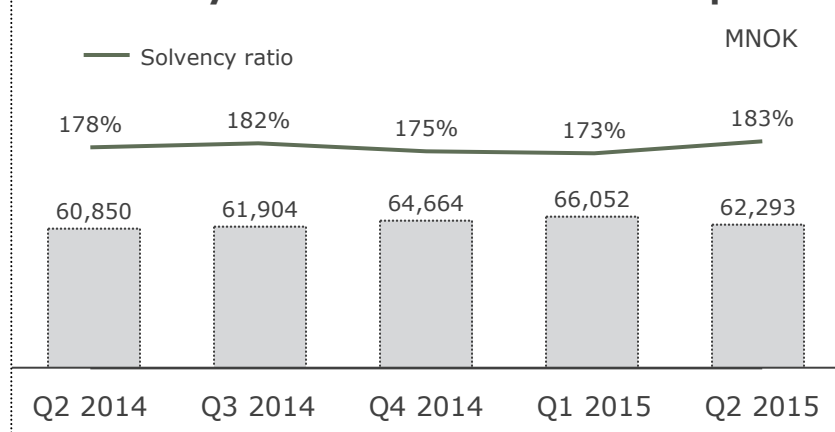
## Result development



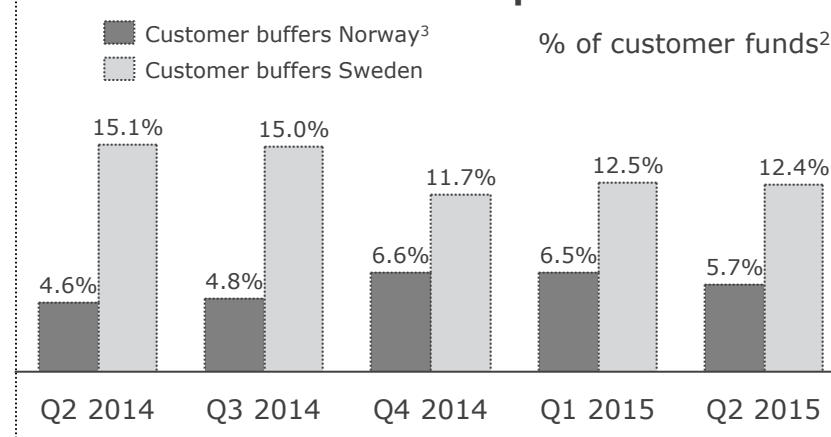
## Earnings per share<sup>1</sup>



## Solvency ratio Storebrand Life Group



## Customer buffers development



<sup>1</sup> Earnings per share after tax adjusted for amortisation of intangible assets

<sup>2</sup> Customer buffers in Benco of NOK 2.0 bn not included

<sup>3</sup> Solidity capital/customer buffers does not include provisions for future longevity reservations

# Storebrand Group

## Profit

NOK million	2Q		01.01 - 30.06		Full year
	2015	2014	2015	2014	2014
Fee and administration income	1 065	986	2 109	1 999	4 160
Risk result life & pensions	54	45	63	120	480
Insurance premiums f.o.a.	947	770	1 813	1 540	3 115
Claims f.o.a.	-683	-558	-1 334	-1 050	-2 226
Operational cost	-799	-764	-1 602	-1 506	-2 446
Financial result	76	155	158	275	349
Result before profit sharing and loan losses	661	634	1 207	1 377	3 431
Net profit sharing and loan losses	-51	206	8	280	-8
Provision longevity	-151	-90	-306	-180	-391
<b>Profit before amortisation</b>	<b>459</b>	<b>750</b>	<b>909</b>	<b>1 477</b>	<b>3 032</b>
Amortisation and write-downs of intangible assets	-103	-108	-208	-218	-431
Result before tax	356	642	701	1 259	2 601
Tax	-97	-146	-184	-253	-516
Sold/liquidated business	-0	-0	-0	-0	-1
<b>Profit after tax</b>	<b>258</b>	<b>496</b>	<b>517</b>	<b>1 006</b>	<b>2 085</b>

# Storebrand Group

## Profit

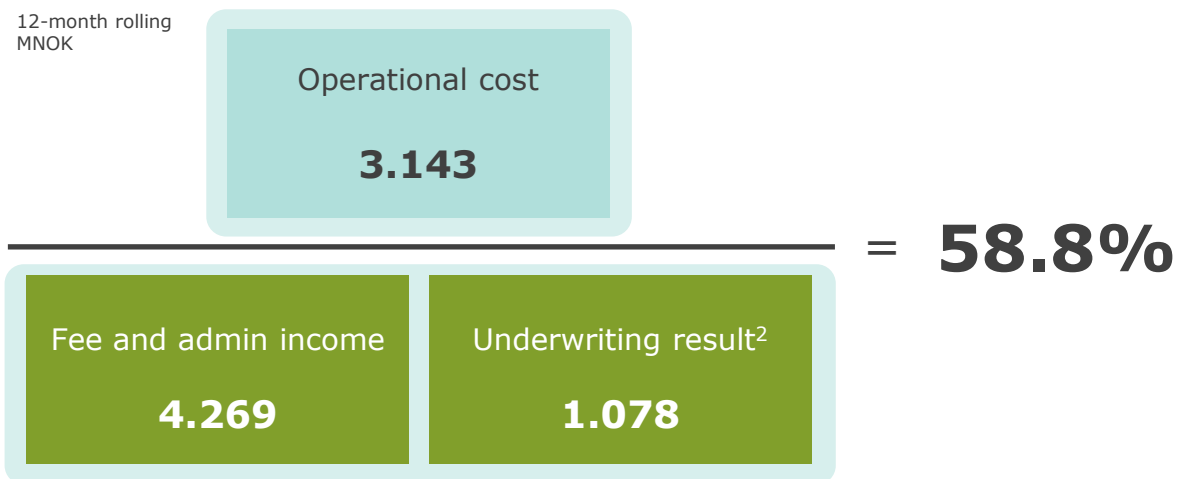
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Net profit sharing and loan losses/Provision longevity	-202	116	-298	100	-399
<b>Profit before amortisation</b>	<b>459</b>	<b>750</b>	<b>909</b>	<b>1 477</b>	<b>3 032</b>

## Profit per line of business

NOK million	2Q		01.01 - 30.06		Full year
	2015	2014	2015	2014	2014
Savings - non-guaranteed	237	189	455	382	1 091
Insurance	192	154	351	381	675
Guaranteed pension	32	313	113	614	1 074
Other result	-3	94	-10	100	193
<b>Profit before amortisation</b>	<b>459</b>	<b>750</b>	<b>909</b>	<b>1 477</b>	<b>3 032</b>

# Cost control

## Cost/Income<sup>1</sup> below 60% target



<sup>1</sup> Operational cost and risk result life & pensions are adjusted for special items in 4Q 2014.

<sup>2</sup> Underwriting result consists of insurance premiums f.o.a., claims f.o.a. and risk result life & pensions.

# Savings (non-guaranteed) - strong results growth



## Profit

NOK million	2Q		01.01 - 30.06		Full year
	2015	2014	2015	2014	2014
Fee and administration income	627	559	1 255	1 108	2 375
Risk result life & pensions	4	-7	0	-8	-11
Operational cost	-394	-363	-802	-720	-1 289
Financial result	0	0	0	0	0
Result before profit sharing and loan losses	238	189	453	380	1 075
Net profit sharing and loan losses	-0	-0	2	3	16
Provision longevity	-	-	-	-	-
<b>Profit before amortisation</b>	<b>237</b>	<b>189</b>	<b>455</b>	<b>382</b>	<b>1 091</b>

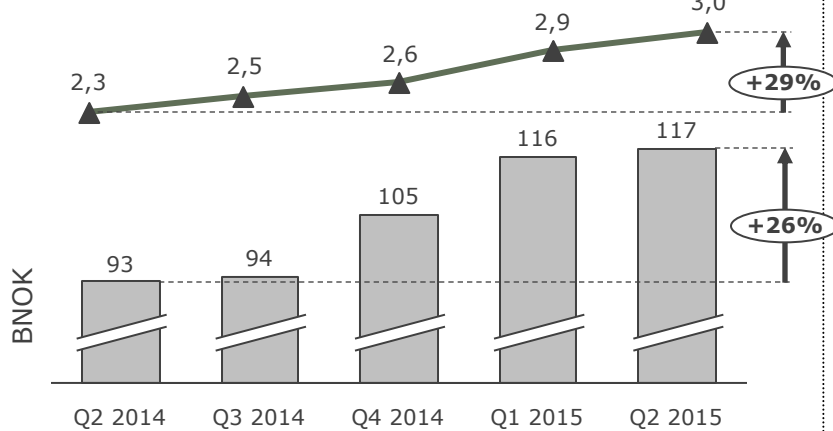
## Profit per product line

NOK million	2Q		01.01 - 30.06		Full year
	2015	2014	2015	2014	2014
Unit Linked Storebrand	40	32	93	68	205
Unit Linked SPP	48	11	72	42	99
Asset Management segment	101	86	190	153	513
Retail Banking	49	60	101	120	274
<b>Profit before amortisation</b>	<b>237</b>	<b>189</b>	<b>455</b>	<b>382</b>	<b>1 091</b>

# Savings (non-guaranteed) - strong growth in UL premiums



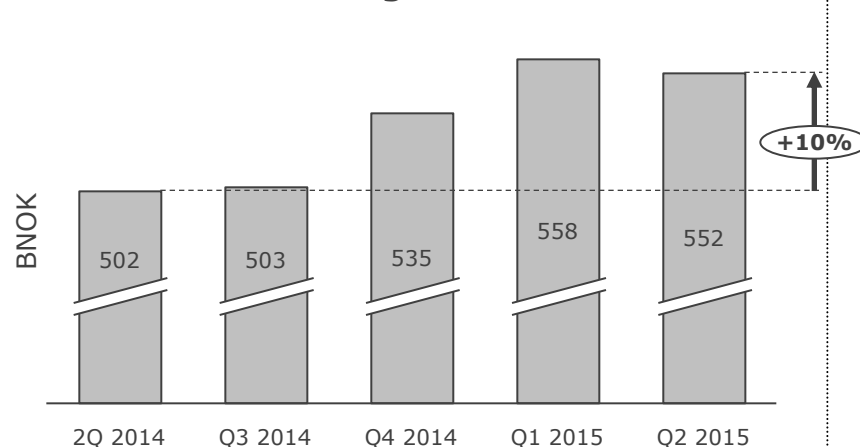
## Reserves and premiums Unit Linked



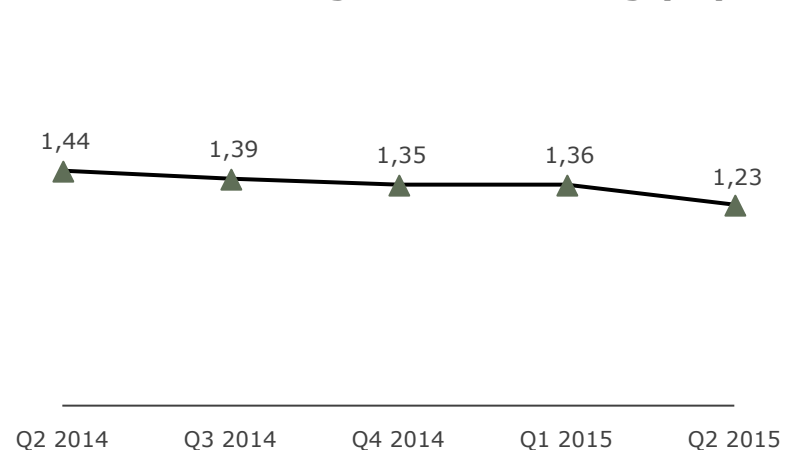
## Comments<sup>1</sup>

- 29% premium growth in UL premiums<sup>2</sup>
- 12% top line growth in Savings
- Strong result development in Asset Management continues

## Assets Under Management



## Net Interest margin retail banking (%)



<sup>1</sup> Growth figures show development from 2Q 2014 to 2Q 2015.

<sup>2</sup> Excluding transfers.



# Insurance

## - continued P&C growth



Insurance

### Profit

NOK million	2Q		01.01 - 30.06		Full year
	2015	2014	2015	2014	2014
Insurance premiums f.o.a.	947	770	1 813	1 540	3 115
Claims f.o.a.	-683	-558	-1 334	-1 050	-2 226
Operational cost	-136	-131	-264	-256	-387
Financial result	64	74	136	147	173
<b>Profit before amortisation</b>	<b>192</b>	<b>154</b>	<b>351</b>	<b>381</b>	<b>675</b>

### Profit per product line

NOK million	2Q		01.01 - 30.06		Full year
	2015	2014	2015	2014	2014
P&C & Individual life <sup>1)</sup>	115	76	193	145	340
Health & Group life <sup>2)</sup>	88	25	107	73	190
Pension related disability insurance Nordic <sup>3)</sup>	-11	53	51	163	144
<b>Profit before amortisation</b>	<b>192</b>	<b>154</b>	<b>351</b>	<b>381</b>	<b>675</b>

<sup>1</sup> Individual life and disability, property and casualty insurance

<sup>2</sup> Group life, workers comp and 50% of result in Storebrand Health insurance

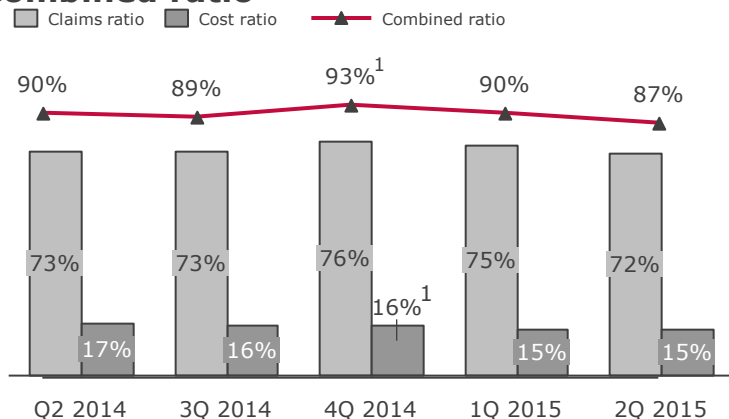
<sup>3</sup> DC disability risk result Norwegian line of business and disability risk result from SPP

# Insurance

## - strong financial results



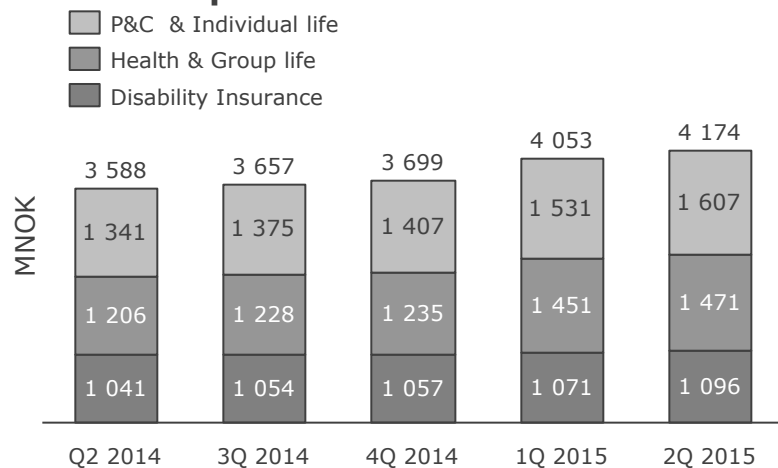
### Combined ratio



### Comments Combined ratio and financial result

- Combined Ratio 87%
- Investment portfolio co-invested with common portfolio. Strong booked results

### Portfolio premiums



### Comments premiums and growth<sup>2</sup>

- 20% premium growth within P&C & Individual life
- 22% premium growth within Health & Group life
- 5% premium growth in Pension related disability Nordic

<sup>1</sup> Combined- and cost ratios adjusted for special items. Unadjusted cost ratio is 1% and unadjusted combined ratio is 78% in 4Q 2014.

<sup>2</sup> Growth figures show development from 2Q 2014 to 2Q 2015

# Guaranteed pension - lower results is the new normal



## Profit

NOK million	Q2		01.01-30.06		Full year
	2015	2014	2015	2014	2014
Fee and administration income	457	439	889	913	1 842
Risk result life & pensions	47	48	63	126	483
Operational cost	-281	-281	-558	-562	-921
Financial result	-	-	-	-	-
Profit before profit sharing and loan losses	223	206	394	478	1 404
Net profit sharing and loan losses	-40	197	24	317	61
Provision longevity	-151	-90	-306	-180	-391
<b>Profit before amortisation</b>	<b>32</b>	<b>313</b>	<b>113</b>	<b>614</b>	<b>1 074</b>

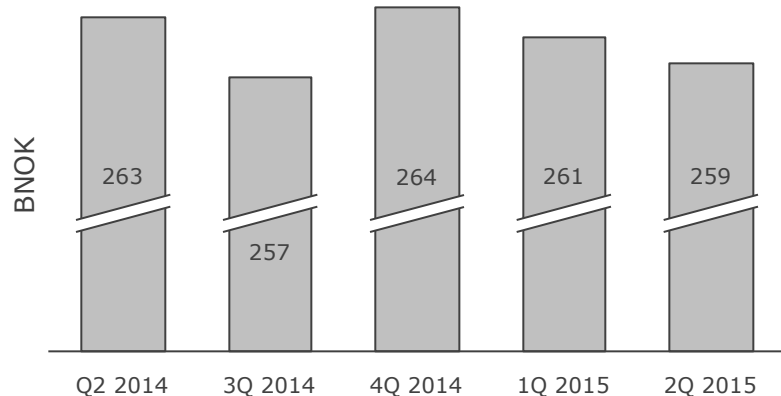
## Profit per product line

NOK million	Q2		01.01-30.06		Full year
	2015	2014	2015	2014	2014
Defined benefit (fee based)	90	135	167	284	592
Storebrand Paid-up policies	-98	-35	-192	-55	-117
Storebrand Individual life and pension	4	1	4		-
SPP Guaranteed products	37	212	135	385	599
<b>Profit before amortisation</b>	<b>32</b>	<b>313</b>	<b>113</b>	<b>614</b>	<b>1 074</b>

# Guaranteed pension - reserves below 70% of total reserves



## Reserves guaranteed products



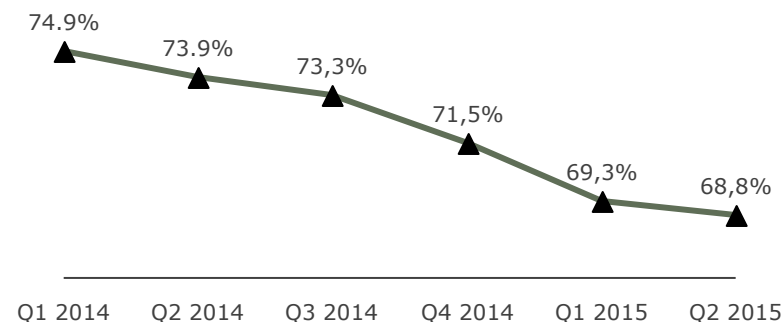
## Comments

- Reversal of profit sharing due to low returns leads to weaker financial result in Sweden
- Increased allocation to bonds at amortised cost

## Buffer capital

NOK million	2015		
	2Q	1Q	Change
Market value adjustment reserve	4 930	5 856	-926
Excess value of bonds at amortised cost	9 695	12 836	-3 141
Additional statutory reserve	4 505	4 881	-376
Provisions for new mortality tables <sup>1</sup>	3 850	3 964	-114
Unallocated results	1 964	1 100	864
Provisions for new mortality tables, shareholders direct contribution	180	90	90
Conditional bonuses Sweden	9 335	9 597	-262
<b>Total</b>	<b>34 460</b>	<b>38 324</b>	<b>-3 864</b>

## Guaranteed reserves in % of total reserves<sup>1</sup>



**Profit**

NOK million	2Q		01.01 - 30.06		Full year
	2015	2014	2015	2014	2014
Fee and administration income	35	53	78	117	233
Risk result life & pensions	3	3	-0	2	8
Operational cost	-43	-53	-91	-107	-138
Financial result	12	82	22	127	175
Result before profit sharing and loan losses	<b>8</b>	<b>85</b>	<b>8</b>	<b>139</b>	<b>278</b>
Net profit sharing and loan losses	-11	9	-19	-39	-85
<b>Profit before amortisation</b>	<b>-3</b>	<b>94</b>	<b>-10</b>	<b>100</b>	<b>193</b>

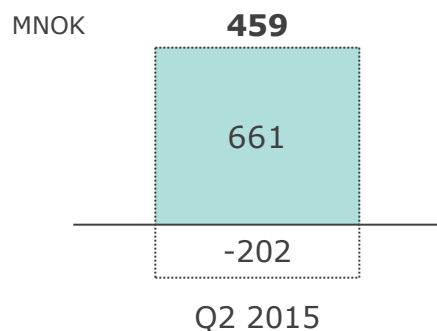
**Profit per product line**

NOK million	2Q		01.01 - 30.06		Full year
	2015	2014	2015	2014	2014
Corporate Banking	-10	14	-20	-17	-10
BenCo	14	15	27	23	94
Holding company costs and net financial results in company portfolios	-7	66	-19	94	145
<b>Profit before amortisation</b>	<b>-3</b>	<b>94</b>	<b>-10</b>	<b>100</b>	<b>193</b>

<sup>1</sup> Figures shown exclude eliminations. For full disclosure on eliminations, see Table 46b in Supplementary Information.

# Highlights 2Q 2015

## Group result



- Result before profit sharing and loan losses
- Net profit sharing and loan losses/Longevity provision

- *11,5 % growth in fee and admin income<sup>1</sup>*
- *Longevity strengthening prioritized over short term results*



**16%** Insurance written premium growth<sup>2</sup>



**23%** Unit Linked premium growth<sup>2</sup>



**65%** of longevity strengthening completed



**154%** Estimated Solvency II ratio<sup>3</sup>

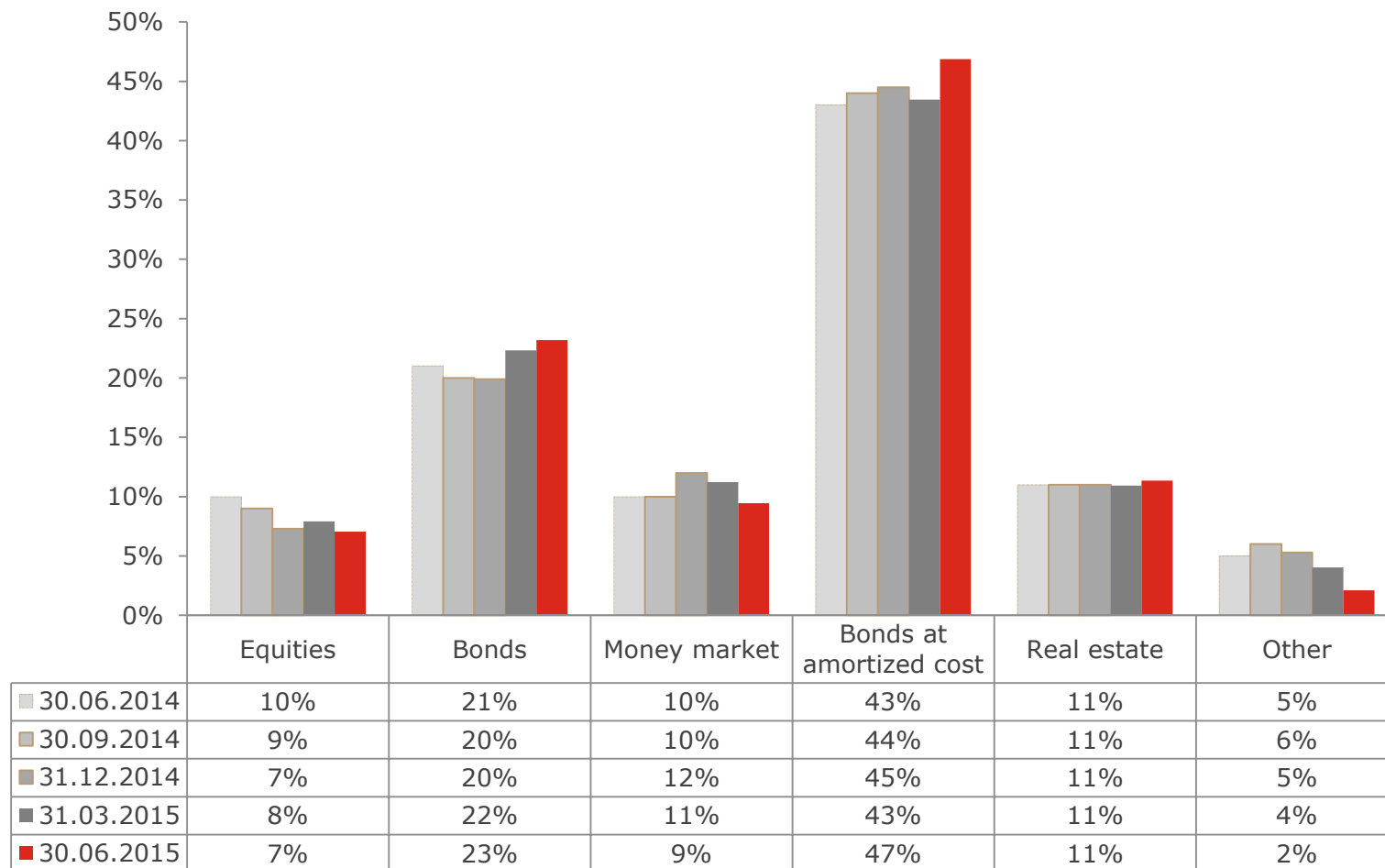
<sup>1</sup> Adjusted for business in run off (corporate banking and public sector) and FX. Result before amortisation.

<sup>2</sup> Growth figures are 1H2014-1H2015.

<sup>3</sup> Including transitional rules.

# Appendix

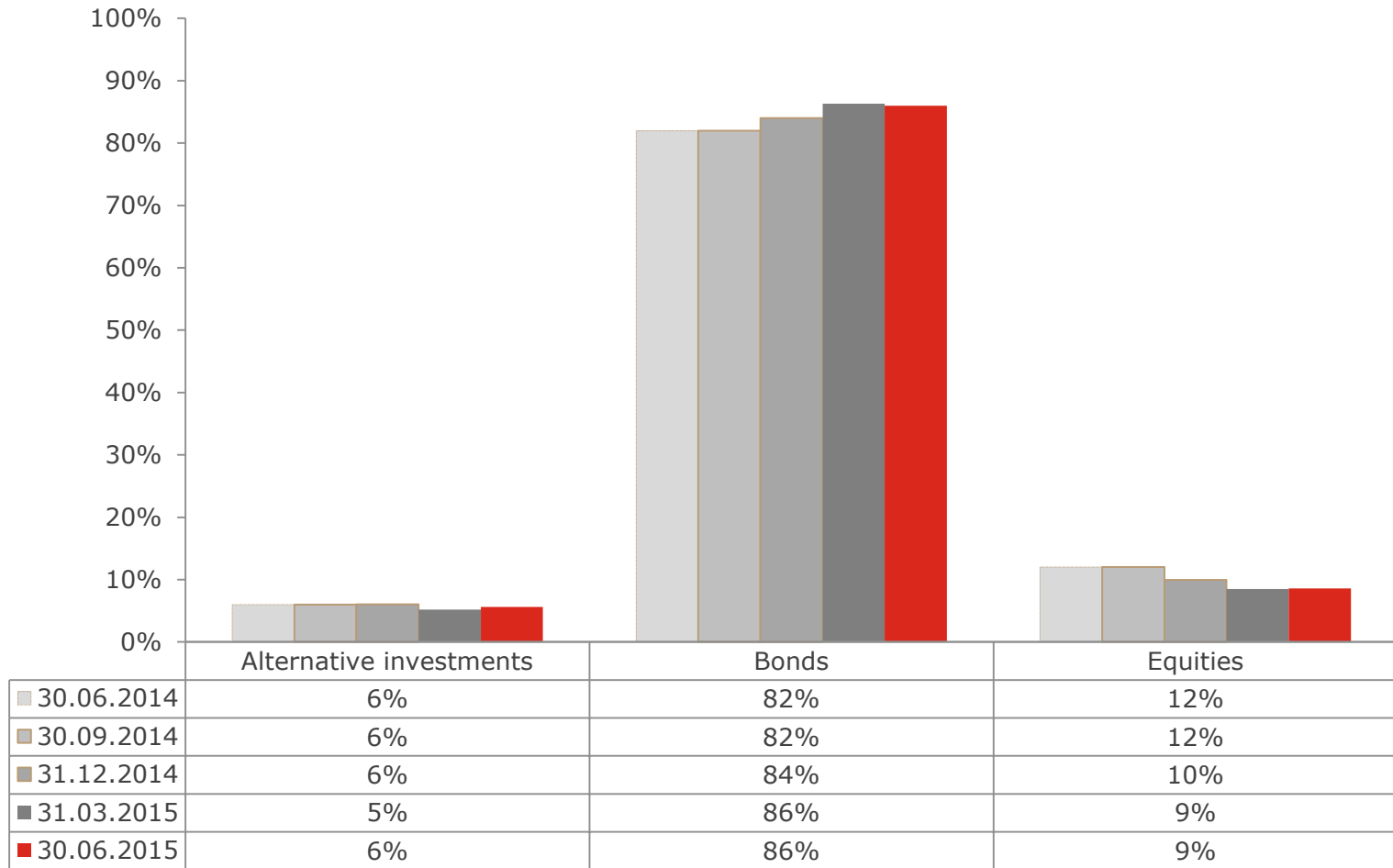
# Storebrand Life Insurance asset allocation



<sup>1</sup> The graph shows the asset allocation for all products with an interest rate guarantee in Storebrand Life Insurance Norwegian operations.



# SPP asset allocation



<sup>1</sup> The graph shows the asset allocation for all products with an interest rate guarantee in SPP.



## Investor Relations contacts

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# Our Vision

Recommended by our customers